Retirement News for Employers

Helping Business Owners with Retirement Plans

Internal Revenue Service Tax Exempt and Government Entities

Volume 1, Winter 2005

Inside This Issue

Good Business and Good Tax Planning, Too

As you know all too well, tax time is just around the corner. Are you looking for a tax deduction for you and your business? If so, consider establishing a retirement plan for yourself and for your employees. Retirement plans offer deductible contributions, tax-deferred growth and an attractive incentive for recruiting and retaining valuable employees.

FYI: There's still time for many businesses to establish a retirement plan **now**, make contributions and qualify for **deductions for 2004**. Just as an example, contributions to IRAs made by April 15, 2005 may be deductible for the 2004 calendar year. (*See a related story on the* Saver's Credit *on Page 2*.)

If you don't have a retirement plan:

- **Consider the Benefits** - for you and your employees. For example, your contributions are tax deductible, assets grow tax-free with compounding interest and you will attract and retain better employees. See **Publication 4118**.
- **Choose the Right Plan** - It is important to choose the right retirement plan for your business. There are a number of plans to choose from (IRA-based to defined contribution to pension). See **Publication 3998** for a chart outlining the advantages of each of the most popular types of retirement plans. (*See a related story on* Pub 3998 *on Page 5*.)

If you do have a retirement plan:

- **Watch for Common Mistakes** - Avoid the following mistakes:
  1) Not following the terms of the plan document;
  2) Not covering the proper employees;
  3) Not giving the employees required information;
  4) Not depositing employee deferrals or employer contributions timely; and
  5) Not limiting employee deferrals and employer contributions to the proper limits.

- **Perform Periodic Reviews of Your Plan** - Errors in a plan brought on by changes in your work force and its salary deferral patterns are easier and cheaper to fix when they are small and have not been allowed to continue over a long period of time. Changes in your business may produce unexpected changes in your business operations. If you have a SIMPLE IRA, SEP or similar plan, consider a Check-up now. IRS Employee Plans has developed **Publication 4405** which outlines available tools, tips/resources and help for a Check-up of your retirement plan. Tools include checklists for operating these plans - see Publications **4284**, **4285** and **4286**.

- **Get an Independent Reviewer to Check Your Plan**
- **Correct Mistakes Now** - The IRS has helpful correction programs that are structured to provide financial incentives for finding and correcting mistakes earlier rather than later. In fact, many mistakes can be corrected easily, without penalty and without notifying the IRS. (See **Publication 4224**.)
- **Monitor the People Who Work with Your Plan**
- **Watch for Law Changes** - Keep your plan up-to-date with the law.
- **Report to the Government** - Distributions are reported on **Form 1099-R**. Many plans annually file **Form 5500** or **Form 5500-EZ**.

To find out more, visit the **Retirement Plans web page** and click on "Information for: Plan Sponsor/Employer." ■

Retirement Savings Contributions Credit

Does your business sponsor a Payroll Deduction IRA, 401(k), 403(b) or SIMPLE IRA plan? Then you, as a plan participant, and your employees may be able to take a tax credit if you make eligible contributions for retirement. Plan participants may be able to take a credit of up to $1,000 or up to $2,000 if filing jointly. This credit could reduce – dollar for dollar – the federal income tax participants pay.

The "Saver's Credit" primarily benefits moderate to lower income workers. The amount of credit that plan participants are entitled to is based on their rate of credit and their adjusted gross income. In order to qualify for the credit, adjusted gross income cannot be more than:

- $50,000 if the filing status is married filing jointly,
- $37,500 if the filing status is head of household (with qualifying person), or
- $25,000 if the filing status is single, married filing separately, or qualifying widow(er) with dependent child.

In general, eligible contributions (up to $2,000 per person) include:

- Contributions to a traditional or Roth IRA, and
- Salary reduction contributions (elective deferrals) to:
  1) A 401(k) plan, including a SIMPLE 401(k);
  2) A section 403(b) annuity;
  3) A state or local government plan – a section 457 plan;
  4) A SIMPLE IRA plan; or
  5) A salary reduction SEP

Eligible contributions also include voluntary after-tax employee contributions to a tax-qualified retirement plan or section 403(b) annuity. Eligible contributions must be reduced – but not below zero – by any distributions from any IRA, plan, or annuity received during the year for which the credit is claimed. This distribution deadline goes until the tax return is filed and includes the previous two years as well. Also, note that participants can make IRA contributions – but not 401(k) or 403(b) plan contributions – up to April 15th, 2005 and have them count toward the Saver's Credit for 2004.

Small Business Week 2005

The U.S. Small Business Administration will mark the 42nd National Small Business Week in Washington, D.C., April 26-28, 2005, with SBA Expo '05 showcasing Small Business Persons of the Year from each state, and the announcement of the National Small Business of the Year.

National Small Business Week honors some of the nation's estimated 25 million small business owners that help drive the nation's economy. Small businesses employ more than half the country's private work force, create three of every four new jobs and generate a majority of American innovations.

SBA Expo '05 will also feature special events that include a small business expo, a business matchmaking event, business seminars, a town hall meeting and award ceremonies. Other highlights will include notable speakers and business industry leaders from trade associations, and local and federal governments.

Employee Plans will be exhibiting at the Expo. We will be offering participants educational materials as well as answering employee retirement plans questions.

Information on SBA Expo '05 can be found online at **www.sba.gov/expo**. ■

The Saver's Credit is nonrefundable. In general, this means the amount of the credit in any year cannot be more than the amount of tax that would otherwise be paid. If the tax liability is reduced to zero because of other nonrefundable credits, such as the Hope credit, then the Saver's Credit cannot be taken.

The amount of the credit you can get is based on the contributions made and the rate of credit. The rate of credit depends on income and filing status and it can be as low as 10% or as high as 50%. The lower the income level, the higher the rate of credit. See Form 8880 to determine your rate of credit.

Announcement 2001-106 and Announcement 2001-120 (Spanish version) include additional information on the credit in a Q&A format and a sample notice that employers can give to employees explaining the credit. Additional info can be found in Pub 590.

The Fix Is In: Common Plan Mistakes

In each issue of the *Retirement News for Employers* we present a common mistake that happens in retirement plans. We describe the problem, how it happened, how to fix it and how to lessen the probability of the problem happening again. This edition of the column focuses on **"Not Correcting ADP/ACP Mistakes Timely."**

The Issue

Many of you have 401(k) retirement plans that provide for elective contributions. If you do, you may be familiar with the Actual Deferral Percentage test (ADP) and the Actual Contribution Percentage test (ACP). These tests provide a limit on the amount that certain benefits provided under the plan to highly compensated employees (HCEs) may exceed the benefits provided to non-highly compensated employees (NHCEs).

Under the ADP test, the average salary deferrals of the HCEs and NHCEs are calculated and compared on an annual basis based on the plan year. Each employee's deferral percentage is the percentage of compensation that has been deferred, pre-tax, to the 401(k) plan. The deferral percentages of the HCEs and NHCEs are then averaged to determine the ADP of each group. To pass the test, the ADP of the HCE group may not exceed the ADP for the NHCE group by 1.25 percent or 2 percentage points.

Similar to the ADP test, the ACP test applies to matching contributions and/or employee after-tax contributions. The plan satisfies the nondiscrimination requirements of the law if it passes the ADP and ACP tests.

If the plan fails the ADP and/or ACP tests, corrective action must be taken to protect the qualified status of the arrangement. The law and related regulations provide various methods for correcting mistakes during a "correction period." This statutory correction period is the 12-month period following the close of the plan year in which the mistake occurs. If corrective distributions are made after the first 2 ½ months of the correction period, the employer (not the HCE) is liable for an excise tax. If correction is not made within the correction period, the plan is considered "disqualified."

How to Subscribe to *Retirement News for Employers*

The *Retirement News for Employers* will be issued only through IRS e-mail. For your free subscription, please go to the Retirement Plans web page and subscribe on-line by selecting "Retirement Source for Plan Sponsors/Employers" and then "Retirement News for Employers". All editions of the *Retirement News for Employers* will be archived at the Retirement Plans web page.

For your convenience, we have included Internet links to referenced materials throughout the electronic version of *Retirement News for Employers*. These links are identified on the printed version by the underlined text. The electronic version may be found at the Retirement Plans web page.

Mistakes happen. In fact, the IRS sees a lot of the same mistakes again and again. In "The Fix Is In" we'll help you avoid some of these common problems.

The Problem

One of the most common mistakes submitted for correction under the Voluntary Correction Program (VCP) is the failure to timely test for and correct ADP or ACP mistakes. Common reasons for this mistake are:

1) Incorrectly classifying employees as HCE or NHCE;
2) Using an incorrect definition of compensation in the tests; and
3) Calculating the test incorrectly.

The Fix

Employers may get relief from treatment of the 401(k) plans as nonqualified through the **Employee Plans Compliance Resolution System (EPCRS)** by correcting the mistakes after the statutory correction period has passed. The Self-Correction Program (SCP) or Voluntary Correction Program (VCP) can be used to correct the mistakes. In order to fix the mistake under SCP, generally the mistake must be fixed within two years after the end of the statutory correction period (i.e., the 12-month period following the close of the plan year). Unless the failure can be classified as insignificant, VCP must be used after this time.

- Example: A calendar year plan with a 401(k) arrangement fails the ADP test for the plan year ending 12/31/02. The statutory correction period is the 12-month period from 01/01/03 to 12/31/03. The self-correction period under SCP runs from 01/01/04 to 12/31/05. After this date (unless the violation is considered insignificant), VCP must be used to correct the violation.

Note that there is more than one way to correct ADP and ACP mistakes under EPCRS. Generally, if SCP or VCP is used to correct a violation of the ADP/ACP test after the statutory 12-month correction period, the employer is required to make Qualified Non-Elective contributions (QNECs) for the NHCEs. QNECs are contributions made by the employer that are 100% vested, have the same distributions rules as 401(k) deferrals and do not discriminate in favor of HCEs. Under one corrective approach, the employer contributes enough QNECs to all the NHCEs in order to raise the ADP of the NHCEs to a level necessary that satisfies the ADP test. Another approach under EPCRS permits correction solely by making distributions to the HCEs after the statutory correction period as long as the employer is willing to make a contribution for the NHCEs that equals the total amount being distributed.

*Want more information on fixing mistakes? Just go to **www.irs.gov/ep**, click on "Retirement Source for Plan Sponsors/ Employers" and select "How Do I Fix a Plan Mistake?"*

Making Sure It Doesn't Happen Again

Completing the ADP/ACP nondiscrimination tests accurately and timely is vital for employers maintaining 401(k) plans. The plan document, employee data, etc., should be carefully reviewed to ensure that employees are correctly classified, the proper definition of compensation is used and proper testing/correction methods are used. Plans with matching contributions and/or employee after-tax contributions can be structured so that the employer can adjust the contribution rates of the HCEs in order to prevent the plan from failing the ACP test. Similarly, some plans are designed with a discretionary matching contribution formula, where the employer can declare a different rate of matching contribution for the HCEs.

However, keep in mind, that despite all your good efforts, mistakes can happen. In that case, the IRS can help you correct the problem and retain the benefits of your 401(k) retirement plan. ■

Product Profile – *Choosing a Retirement Solution for Your Small Business* **Publication**

Does your business sponsor a retirement plan? Are you considering establishing one for you and your employees? Is the retirement plan that your business currently sponsors not meeting the needs of your growing company? Are you confused by all of the choices? Should you adopt a SEP? A SIMPLE? A 401(k)? Something else?

The IRS and Department of Labor, in a joint effort with the U.S. Small Business Administration and the U.S. Chamber of Commerce, have developed a publication to assist you in choosing the right retirement plan for your business. Publication 3998, ***Choosing a Retirement Solution for Your Small Business*** is a plain-language publication that provides basic information on the different types of plans available to you, including Payroll Deduction IRA, SEP, SIMPLE IRA, 401(k), Profit-Sharing and more. The centerpiece of the publication is a two-page chart that outlines the different features of each type of plan in the pub:

- Key Advantage
- Employer Eligibility
- Employer's Role
- Contributors to The Plan
- Maximum Annual Contribution
- Contributor's Options
- Minimum Employee Coverage Requirements
- Withdrawals, Loans and Payments
- Vesting

Finally, the publication provides additional sources for more in-depth information if you need it.

The publication, as well as additional information on choosing a retirement plan, can be found on the **Retirement Plans web page**. ■

Tax Law is Complex but We Can Help

National Taxpayer Advocate Nina E. Olson released a **report** to Congress on January 10, 2005 that identified the complexity of the Internal Revenue Code as the most serious problem facing taxpayers and the IRS alike. The report cited the alternative minimum tax, the earned income tax credit, and the large number of provisions designed to encourage taxpayers to save for education and for retirement as key illustrations of the problems of complexity of the tax code.

We here at Employee Plans recognize the complexity of the tax code and have developed several tools to assist you in navigating your way through the retirement plan provisions:

*The Retirement Plans web page – **www.irs.gov/ep**:*

The **Retirement Plans web page** has a new name and look. It's now available under "Retirement Plans Community" on the main **IRS landing page**. You will now find "Information For" categories of "Benefits Practitioner," "Plan Participant/Employee" and "Plan Sponsor/Employer." The pages are filled with all of the retirement plan information that you've come to expect from us.

We are redrafting material for easier use by plan sponsors and participants. We will continue adding, redrafting and editing retirement information for each of these customer groups. If you have any suggestions about what we should provide, please e-mail us at **RetirementPlanComments@irs.gov**.

Publications:

Unceasing in our attempts to supply plain-language information on retirement plans, we're happy to announce the recent release of the following publications:

- **Publication 4334,** ***SIMPLE IRA Plans for Small Businesses***, was created with our colleagues at DOL/EBSA and is designed for small business owners and tax practitioners with clients that may want to start or already have a SIMPLE IRA Plan. It provides guidance on the establishment and operation of such a plan.
- **Publication 4336**, ***SARSEPs for Small Businesses***, is an informational tool that provides guidance on the operation of a Salary Reduction Simplified Employee Pension (SARSEP).
- **Publication 4405**, ***Have you had your Check-up this year? for SIMPLE IRAs, SEPs, and Similar Retirement Plans*** is an educational pamphlet designed to inform and encourage employers to perform a periodic "check-up" of their IRA-based retirement plan through the use of checklists and how to initiate corrective actions, if necessary.
- **Publication 4406**, ***403(b) and 457 Retirement Plans (with plan feature comparison chart)***, outlines the features of 403(b) and 457 plans and compares them to 401(k) plans.
- **Publication 4407**, ***SARSEP - Key Issues and Assistance***, is an educational pamphlet that highlights various key issues regarding the operation of a SARSEP, while listing different resources for assistance.

And don't forget about our not so recent releases:

- **Publication 3998, *Choosing a Retirement Solution for Your Small Business*.**
- **Publication 4222, *401(k) Plans for Small Businesses*.**
- **Publication 560, *Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)*.**

All of these publications are available on the **Retirement Plans web page** by clicking on "EP Forms & Publications" under the "Related Topics" section and can be ordered by calling (800) TAX-FORM.

So don't let the complexity of the tax code keep you from securing your future – and your employees' futures.

CONTACTING EMPLOYEE PLANS

The *Retirement News for Employers* welcomes your **comments about this issue** and/or your **suggestions for future articles**.
Send comments/suggestions to:

EP Customer Education & Outreach
SE:T:EP:CEO
1111 Constitution Avenue, N.W., PE-4C3
Washington, D.C. 20224

or FAX (202) 283-9525

or E-Mail: **RetirementPlanComments@irs.gov**

For **EP Taxpayer Assistance**

For retirement plans technical and procedural questions:

Please call (877) 829-5500

Or visit the EP Customer Account Services section of the Retirement Plans web page at **www.irs.gov/ep**.

For questions relating to retirement income, IRAs, Roth IRAs, educational IRAs, medical savings accounts and section 125 cafeteria plans:

Please call (800) 829-1040

For further **Employee Plans Information:** Go to the Retirement Plans web page at: **www.irs.gov/ep**.

There's No Need to Panic!

A-U-D-I-T: No one likes to even say the word, let alone be the subject of one. Most folks are familiar with audits of individual tax returns or of business tax returns. But did you know that part of the IRS also conducts audits of retirement plans?

Employee Plans started a new examination review program in the first quarter of FY 2005 for SIMPLE IRA plans. The plans were randomly selected from the total population of SIMPLE plans.

We expect the SIMPLE review program to continue throughout FY 2005 and 2006.

Because of the trust that employees place in their retirement plans and because of the sheer amount of assets that retirement plans have (more than $10 *trillion*), the IRS needs to make sure that retirement plans are operated in accordance with the law. The IRS calls this proper operation of plans "compliance" and Employee Plans, or "EP" is the part of the IRS that handles the auditing (or examining) of retirement plans. To improve compliance by plan sponsors, EP employs a sort of "carrot and stick" approach.

The "carrot" is our self-correction program (*see our continuing series,* "The Fix Is In," *for more info on this program*). The "stick" is an audit. (*see the accompanying sidebar article about a new audit program that EP is starting*).

EP understands that the thought of any IRS audit, including an audit of your retirement plan, can be a scary one. So, EP has come out with some new publications that help explain the audit process and your rights during an audit.

These new pubs – and other new material – are results from and a direct response to Customer Satisfaction surveys about the EP examination process.

Several EP Examinations Customer Satisfaction teams, consisting of EP managers, agents, and practitioners, were commissioned to develop products that address the concerns expressed by you, our customers. These teams came up with some new products as well as enhancing some existing products.

- A new product scheduled for March 2005, *Employee Plans Examination Process Guide*, helps retirement plan sponsors and practitioners understand the examination of employee plans. This web-based guide, which is intended as a reference or resource to provide information about the examination process, will initially consist of eleven sections. The guide also contains all the products referenced below.

- A new publication, 1-EP, ***Understanding the Employee Plans Examination Process***, was created to replace the Publication 1 *(Your Rights as a Taxpayer)* in the initial contact package. It answers many of the questions you might have regarding our examination process. The first part of this publication explains some of your most important rights as a taxpayer. The second part explains the examination process in depth.

- The Form 1346, appointment letter, was updated and made friendlier in an attempt to address the #1 question raised by customers - "Why was **I** selected for examination?" The revised letter explains why certain returns are selected for examination. The letter also references two new products that were created to explain customer rights and the examination process: a flowchart and bookmark (see below). The itemized listing of information needed for the examination is organized by code section and explains why the information is needed. This information will help you understand the underlying reason for our request.

- The Employee Plan Examination Process **flowchart** illustrates the steps involved in an examination of a retirement plan. The flowchart begins with letting the taxpayer know that the IRS will be coming to them to conduct the audit and ends with a comment about how issues will be handled if identified during an examination.
- The Employee Plans Examination **bookmark** provides a concise explanation of your rights at a glance. It also reminds customers of the advantages and responsibilities of having a retirement plan.
- A "status" letter has been developed for updating you (and your representative) when there are delays in the processing of the case.

These products are now available on the **Retirement Plans web page** and they're currently being used by our examination agents.

As we said earlier, no one wants to be the subject of an IRS audit. But if you are, these new products are there to explain the process, explain your rights and, we hope, lessen your anxiety. ■

IRS employees contributing to this edition of the *Retirement News for Employers* are:

Bob Brambilla
Robert CreMeens
Evelyn DeWald
Larry Isaacs
Cathy Jones
Joyce Kahn
Peter McConkey
Todd Newman
Mark O'Donnell
Nancy Payne
Keith Ruprecht
Michael Sanders
John Schmidt
Brenda Smith-Custer
and Susan Taylor

The Filing Cabinet

Forms – you can't live with them, you can't live without them. Just like you use forms when running your business – everything from spreadsheets to receipts to invoices – you also use forms when dealing with a retirement plan.

Changes to the Form W-2 for 2005

The following new codes have been added to the **Form W-2**, *Wage and Tax Statement* for 2005:

- **Code Y** - Deferrals under a section 409A nonqualified deferred compensation plan - for use in box 12. Section 409A was added to the Internal Revenue Code by recent legislation, generally effective after December 31, 2004, and requires employers to report annual deferrals under a nonqualified deferred compensation plan on each employee's Form W-2. The deferred amounts should be reported in box 12 of Form W-2, using Code Y.
- **Code Z** - Income under section 409A on a nonqualified deferred compensation plan – for use in box 12. This code and other reporting will be used to identify income recognized due to participation in a nonqualified deferred compensation plan that fails to meet the requirements of Code section 409A. This income is subject to an additional tax and interest imposed on the individual.

Ringing In the New Year

With the arrival of 2005, the IRS has revised its highly popular **Publication 1518**, *IRS Tax Calendar 2005 for Small Businesses and Self-Employed*. The calendar is filled with helpful hints, general tax information and a listing of the most common tax filing dates. Each month highlights a new tax tip intended to help small businesses during both the tax filing season and the entire year. A copy of the calendar can be ordered by calling (800) TAX-FORM. Happy New Year to all!

New Publications

The following publications have been revised for use in preparing 2004 returns and are currently available:

- Publication 560, ***Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)***
- Publication 575, ***Pension and Annuity Income***
- Publication 590, ***Individual Retirement Arrangements (IRAs)***

In addition, the Publication 571, ***Tax-Sheltered Annuity Plans (403(b) Plans) For Employees of Public Schools and Certain Tax-Exempt Organizations***, was revised in December 2004.

All of these revised publications are available on the **Retirement Plans web page** by clicking on "EP Forms & Publications" under the "Related Topics" section and can be ordered by calling (800) TAX-FORM. ■

DOL News

The Department of Labor's Employee Benefits Security Administration's ongoing compliance assistance program to help employers, plan officials, service providers and others continued to expand with the issuance of new guidance.

Single Employer Defined Benefit Pension Reform

On January 10, 2005, Secretary of Labor Elaine L. Chao released the **Bush Administration's plan** to strengthen the retirement security of the 34 million workers and retirees covered by private, single employer defined benefit pension plans, ensure the long term solvency of the Pension Benefit Guaranty Corporation (PBGC) and encourage continued participation in the voluntary pension system. The Administration proposes to reform the funding rules to ensure pension promises are kept by improving incentives for funding plans adequately; improving disclosure to workers, investors and regulators about pension plan status; and adjusting premiums to better reflect a plan's risk and ensure the pension insurance system's financial solvency.

The Administration's plan to reform the funding rules will bring simplicity, accuracy, stability, and flexibility to the funding rules, encouraging employers to fully fund their plans and ensuring that benefit promises are kept. It replaces multiple measures of pension liabilities with one measure, bases plan funding targets on the pension plan sponsor's financial health, requires financially weak companies to immediately fund additional benefits they promise, and allows plan sponsors to make additional contributions during good economic times.

Improved disclosure will help workers make informed decisions about their retirements and plan for the future, and will provide investors and regulators with timely information about the status of pension plans to evaluate plan sponsors' financial obligations and to ensure compliance with the law.

The Administration's plan to reform the premium structure will reflect more accurately the cost of the program and shift the emphasis to risk-based premium funding. It adjusts flat rate premiums paid by all companies to reflect the growth in worker wages since 1991, when the current rate was set, indexing them to wage growth going forward and requires all underfunded plans to pay risk-based premiums that are related to their funding targets.

What's New on the Web

Our **web page** now reflects information for the community of retirement plan sponsors/ employers, benefits practitioners, and participants/employees. Over the coming months, look for further content written specifically for plan sponsors/employers and participants/ employees. To see the new look, visit **www.irs.gov/ep** and look for "Information for:" each part of the Retirement Plans Community.

Duties of a Directed Trustee

On December 17, 2004, DOL/EBSA released Field Assistance Bulletin (FAB) 2004-03 providing guidance on the responsibilities of a directed trustee under the Employee Retirement Income Security Act (ERISA).

The guidance clarifies that a directed trustee is a fiduciary under ERISA, responsible for carrying out its duties prudently and solely in the interest of the participants and beneficiaries of employee benefit plans. The FAB also makes clear that the named fiduciary, not the directed trustee, is primarily responsible for ensuring the prudence of plan investment decisions. A directed trustee is only required to question the directing fiduciary's instructions regarding transactions involving publicly traded securities in rare circumstances.

The FAB specifically addresses the responsibilities of a directed trustee in determining whether a direction is "proper" – consistent with the terms of the plan and not contrary to ERISA. When a directed trustee has non-public information regarding a security that is necessary for a prudent decision by the directing plan fiduciary, the FAB provides that the directed trustee has a duty to inquire about the named fiduciary's knowledge and consideration of the information. In the case of public information, a directed trustee would be required to question the instructions of the directing fiduciary only in extraordinary circumstances. The FAB provides that a directed trustee may have to question directions involving the purchase or holding of a security where there are "clear and compelling public indicators" as evidenced by an 8-K filing with the Securities and Exchange Commission (SEC), a bankruptcy filing or similar public indicator that call into question the issuer's viability as a going concern. ■

Let's Just Take It One Three-Month Period at a Time

S = contribution

C = conference

F = file forms

Operating a retirement plan can be a time-consuming job. There are deadlines, not just for reports and forms but also for making contributions. There are conferences and seminars. And then there is information you need to give to participants.

So to help you navigate the retirement plan timeline, here is our month-by-month look at some of the important moments in the months to come. Please note that all of the filing dates below are for calendar-year plans - adjust the dates for non-calendar year plans:

C **February 18:** SWBA/IRS Plan Administrative Skills Workshop - Oklahoma City, OK

C **February 25:** SWBA/IRS Plan Administrative Skills Workshop - Houston, TX

F **March 15:** Deadline for -

- Submitting waiver requests for the 2004 plan year for single employer plans.
- Change in funding method requests for the 2004 plan year if a statement is attached detailing the reason for the delay.

April 1: Last day to make required minimum distributions - Code section 401(a)(9) requires that distributions begin no later than April 1 of the calendar year following the later of:

- the calendar year in which the employee attains age 70 ½ (required for 5% owners) or
- the calendar year in which the employee retires.

April 15: Excess elective deferrals and any earnings thereon from the prior year must be distributed by this date.

S **April 15:** First quarterly installment due date for the 2005 plan year.

For a comprehensive list of upcoming EP Educational Events, visit the Retirement Plans web page, select "Retirement Source for Plan Sponsors/Employers" and then "Upcoming EP Educational Events". ■

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